

BEFORE THE
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL
PRIORITY MAIL CONTRACT 82

Docket No. MC2014-29

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 82 (MC2014-29)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2014-54

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE REQUEST TO ADD
PRIORITY MAIL CONTRACT 82
TO COMPETITIVE PRODUCT LIST

(July 8, 2014)

I. SUMMARY

In response to Order No.2107,¹ the Public Representative hereby comments on the June 27,, 2014, Request the Postal Service filed.

The Public Representative observes that the Postal Service's Request comports with the provisions of 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30. The proposed "Contract" appears to be beneficial to the Postal Service, the contract partner and the general public.

¹ Notice and Order Concerning the Addition of Priority Mail Contract 82 to the Competitive Product List, June 30, 2014 (Notice).

II. DISCUSSION

The Postal Service filed its Request to add Priority Mail Contract 82 to the competitive product list. The Contract is a competitive product not of general applicability within the meaning of 39 U.S.C. § 3632(b)(3). It is effective one business day following the date the Commission issues its approval. Also, the Contract is to be in effect for three years unless either party decides, in writing, to terminate it.

The Postal Service provides under seal an unredacted copy of the contract. “Section E. Volume Commitment” identifies the customer’s volume commitment. In the example the Postal Service provides, there appears to be a problem with the contract quarterly requirement, the minimum per quarter and the minimum average. In addition, it is not clear what basis the Postal Service will use to determine when or if the customer’s prices will or will not change with regard to the volume commitment. The Public Representative suggests the Postal Service clarify the example and elaborate on how it will evaluate the customer’s volume commitment.

Based on the financial workpapers filed by the Postal Service it is likely that the Contract will meet the requirements of 39 U.S.C § 3633(a) during its first year. “Section G”, of the contract, provides a mechanism for changing the contract prices on the effective date of the Postal Service’s most recent change in prices of general applicability for competitive products. Section G will help maintain the Contract’s ability to meet the requirements of 39 U.S.C. § 3633(a) over the lifetime of the Contract. The postal reporting in the Annual Compliance Report will aid the Commission in ensuring the requirements of 39 U.S.C. § 3633(a) continue to be met.

III. CONCLUSION

The Public Representative suggests that the Postal Service be required to clarify Section E of the contract with regards to the minimums per quarter and the minimum average. In addition, the Postal Service should provide more detail on its actions regarding prices and the contract’s volume commitment.

In accessing and reviewing all materials the United States Postal Service submitted in this docket to include documents filed under seal the Public Representative

believes that the Contract will cover its attributable costs and make a positive contribution towards the Postal Service's total institutional costs, as required by 39 U.S.C. § 3633.

The Public Representative respectfully submits the preceding Comments for the Commission's consideration.

/s/_____

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